



PARAMETERS PORTFOLIOS

Your Parameters for success



RBC
Investments

Dominion Securities

Parameters
PORTFOLIOS



YOUR PARAMETERS FOR SUCCESS

When it comes to investing, success rarely happens by chance. To succeed as an investor, you need more than just the good fortune to “pick the winners.” You need a proven process that doesn’t take chances with your success.

RBC Parameters Portfolios are based on the principle that it’s the process, not the picks, that determine investment success. With Parameters, you remove the blind luck and guesswork from investing. Instead, you follow a proven, disciplined process with specific criteria for all investment decisions.

A Proven Approach—A Proven Manager

Parameters gives you access to the experience and resources of RBC Asset Management Inc., one of Canada's foremost investment managers. Clients worldwide have entrusted RBC Asset Management with more than \$45 billion in assets under management. With Parameters, you can be confident that an experienced, highly regarded firm is managing your investments.

Unique advantages

Normally, most individual investors access this calibre of investment management through mutual funds and pooled investments. But Parameters goes further by offering the advantages of direct ownership of the securities in your portfolio. Rather than buying units in an investment pool or mutual fund, you actually own the individual securities in your Parameters Portfolios. This approach—called segregated discretionary management—provides you with much greater flexibility and several important tax advantages.

Until recently, only the largest and wealthiest investors have been able to hire the elite-level investment managers qualified to provide this sophisticated approach. Now, you can hire this talent through Parameters Portfolios for as little as \$100,000 per portfolio. We're pleased to offer Parameters Portfolios exclusively to clients of RBC Dominion Securities.

Guiding principles

Adhere to a disciplined approach

In our experience, a disciplined approach is the best way to mitigate the risks of investing, while taking advantage of the opportunities. Parameters Portfolios follows an established, proven discipline for both buying and selling securities.

Always own high-quality companies

Our approach is designed to achieve above-average returns over the long term. To accomplish this, Parameters Portfolios only owns securities that we believe are the highest quality based on our in-depth research and evaluation.

Maintain the right balance of sectors

Stocks in the various sectors of the economy perform better or worse at different times, due to changing economic and market conditions. To optimize performance, we adjust the balance of sectors in Parameters Portfolios based on the most up-to-date outlook for the economy and the market.

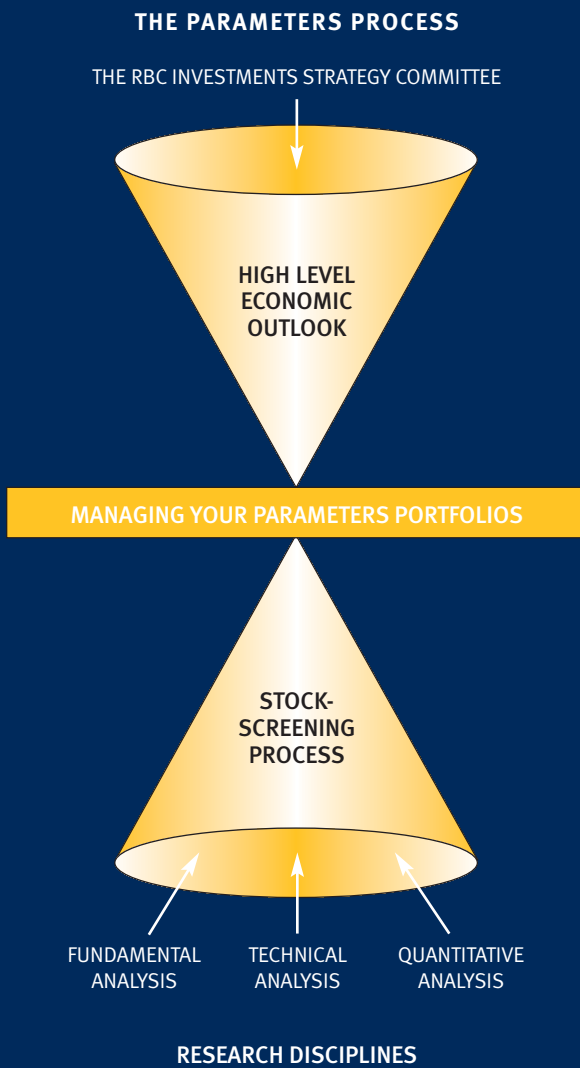
IS PARAMETERS APPROPRIATE FOR YOU?

Parameters Portfolios are designed to meet the particular needs and preferences of clients. Below are six questions that can help determine if Parameters is appropriate for you. If you answer “yes” to all or most of these questions, you should consider including Parameters as part of your overall investment strategy.

- Are you comfortable delegating day-to-day investment decisions to qualified money managers?
- Do you need more time to pursue interests other than managing your wealth?
- Do you feel that your investments require professional attention?
- Are taxes a significant concern in the management of your wealth?
- Are you looking for above-average returns over the long term?
- Are you interested in a proven approach for managing portfolios of \$100,000 or more?

There are several reasons to consider Parameters as part of your overall investment strategy: a trusted investment manager, the potential for significant tax advantages, and freedom from managing the day-to-day details of a substantial portfolio. However, what truly distinguishes Parameters is its disciplined process.

Following is the process for selecting, creating and managing your Parameters Portfolios.



In consultation with your Investment Advisor, you will fill out a comprehensive confidential questionnaire to help determine your investment objectives and tolerance for risk. Based on these inputs, as well as your other investments, your Investment Advisor will help you select the Parameters “mandate”—or investment style—that best suits your needs. For example, there are Parameters Portfolios with mandates that focus exclusively on equities from the United States.

Build your portfolio

Once you have selected a mandate, RBC Asset Management builds your portfolio on a segregated basis. In other words, you directly own the stocks in your Parameters Portfolios, which provides important tax advantages, as will be discussed later. For example, an equity Parameters portfolio may contain 20-30 stock positions carefully selected from



a list of our top-ranked stocks, which are monitored on a continuous basis.

Manage your portfolio

RBC Asset Management manages your portfolio on an ongoing basis according to set parameters. Adjustments are made according to a process based on the fusion of three research disciplines and a macroeconomic outlook. You can be confident your investments are being managed according to set parameters at all times.

Balance between sectors

Every quarter, a group of senior investment professionals and portfolio managers from various parts of the firm—called the *RBC Investments Strategy Committee*—examine the larger economic issues potentially affecting the stock markets. The

Strategy Committee develops an outlook for various sectors of the economy, which helps determine the portfolio weightings that will be directed to each sector in your Parameters Portfolios. Periodically, this sector weighting is updated to reflect the Strategy Committee's current outlook.

Buy/sell process

With Parameters, there's no guesswork or emotion involved in deciding when to buy or sell. The decision to buy a certain stock is based on three research disciplines: fundamental, technical and quantitative analysis. To be considered for Parameters, a stock must achieve minimum ratings in all three areas, plus a high aggregate score.

A stock position may be sold when its individual fundamental, technical or quantitative score or its aggregate score has fallen below a certain threshold, or when the balance between sectors is adjusted. A stock position may also be rebalanced to ensure its weighting doesn't account for too much of a particular Parameters Portfolio. This rebalancing process locks in some gains, while protecting your Parameters Portfolios from being overexposed to one stock.

Fundamental analysis

Research on individual companies is considered from many sources, including RBC Capital Markets and several other leading North American firms. This research is complemented by the independent views of the many portfolio managers and research analysts at RBC Asset Management.

Technical analysis

Stocks are rated according to historical price trends—both absolute and relative to stock market indexes—over a variety of time periods.

Quantitative analysis

Stocks are ranked based on quantitative data such as past financial performance, earnings growth, revenue growth, earnings-estimate revisions and debt levels.

ADDITIONAL BENEFITS

A Tax-Efficient Approach

With Parameters Portfolios, you directly own the stocks in your portfolio, which provides significant benefits from a tax perspective.

No Embedded capital gains

When you buy units in a mutual fund, you can unwittingly assume a tax liability. As a mutual fund unitholder, you are taxed on all of a mutual fund's capital gains in any given year—including capital gains made before your purchase. So even if you have not shared in all the capital gains, you are still taxed on them. With Parameters, since you directly own the individual securities in your portfolio, you do not assume existing capital gains.

Control over taxable events

When a stock is sold, there can be a capital gain or loss. Capital gains are taxable, but they can be offset with capital losses to reduce the net capital gain. With mutual funds, you have no control over when capital gains and losses are realized. However, with Parameters, you can give instructions to realize capital gains and losses according to your personal tax situation. This enables you to potentially reduce your taxes.

Convenience and Flexibility

Parameters offers the convenience of delegating day-to-day investment decisions to highly qualified investment managers. At the same time, Parameters is designed to accommodate your personal preferences and give you a high degree of flexibility.

This includes the ability to instruct the Parameters managers to avoid certain stocks or industries for whatever reason. For instance, you may already own a sufficient amount of a given stock outside your Parameters Portfolios.

Another convenience is the ability to transfer securities from your existing portfolio into your Parameters Portfolios in many cases. This can be



advantageous if you have a low cost base on stocks that are also held in the Parameters Portfolios you have selected.

In addition, the services you receive through Parameters are available to you for one convenient, all-inclusive fee. This includes trading and safekeeping services.

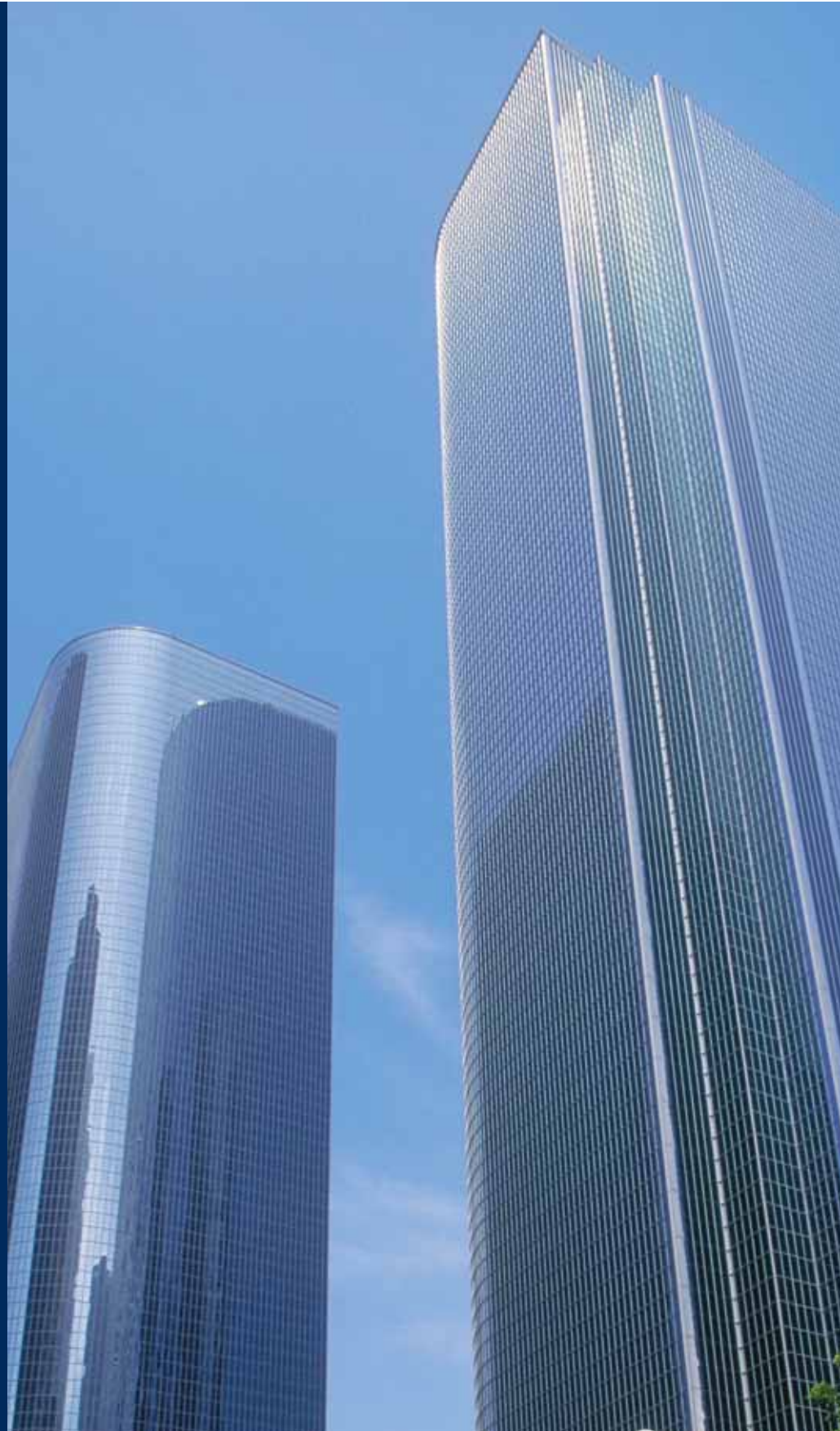
Keeping You Informed on Your Progress

You will be updated regularly on the progress of your Parameters Portfolios. Our comprehensive reporting services include:

- monthly RBC Dominion Securities account statements
- a special quarterly portfolio review, which details your overall portfolio results. You will have the option to receive a consolidated view of all your Parameters Portfolios in either Canadian or U.S. currency.
- complete annual tax-reporting package
- online account access

SET YOUR PARAMETERS FOR SUCCESS

*Contact your Investment
Advisor for more
information on how
Parameters Portfolios
can benefit you.*



For more information
contact your Investment Advisor
or visit our Website at
www.rbcinvestments.com



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